

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Southeast Conference****Federal Tax ID: 92-0089028****Project Title:**

Southeast Conference - Kake-Petersburg Intertie Permitting, Design, and Construction

State Funding Requested: \$ 500,000**House District: 5 - C**

One-Time Need

Brief Project Description:

Funding will go towards the planning and construction of the electrical intertie between Kake and Petersburg to get Kake onto hydro power.

Funding Plan:**Total Cost of Project: \$30,000,000**Funding Secured

Amount FY

Other Pending Requests

Amount FY

Anticipated Future Need

Amount FY

There is no other funding needed

Detailed Project Description and Justification:

The Petersburg-Kake Intertie would provide surplus hydroelectric power to the community of Kake and eliminate their total reliance on expensive diesel generation. The transmission line is an integral part of the Southeast Intertie Program and was identified as a priority project in the 2003 Southeast Alaska Intertie Study by D.Hittle & Associates. A comprehensive feasibility study was completed by D.Hittle & Associates in July of 2005, funded by the Southeast Conference. The 2005 feasibility study identified several alternate routes along existing road corridors and potential mining development on Woewodski Island.

The 2005 feasibility study found that the KPTL Intertie could provide significant savings to ratepayers, reduce the need for the Power Cost Equalization Program, and that operation, maintenance and management could be adequately paid for by the ratepayers.

The KPTL Intertie will provide clean and affordable hydroelectric generation for the community of Kake that will directly benefit ratepayers and encourage new commercial activity. Additionally, the KPTL Intertie was identified as a priority energy infrastructure project by the Southeast Conference (Regional ARDOR, members include local communities, utilities, businesses and Native organizations).

Project Timeline:

Funding will be secured in the summer of 2008 with expenditures beginning in the fall.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

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| Southeast Conference |
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Grant Recipient Contact Information:

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| Contact Name: Shelly Wright, Executive Director |
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| Phone Number: 907-523-2310 |
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| Address: P.O. Box 21989, Juneau, AK 99802 |
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| Email: shellyw@seconference.org |
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Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No

City of Kake

"HOME OF THE WORLD'S LARGEST TOTEM POLE"

P.O. BOX 500
KAKE, AK 99830
PHONE: (907) 785-3804
FAX: (907) 785-4815

RESOLUTION 2007-004: A RESOLUTION FOR THE KAKE ELECTRICAL INTER-TIE CORRIDOR


WHEREAS The City of Kake has astronomical high energy costs; and

WHEREAS current energy costs prohibit new business development and seriously challenge existing business' which contributes to a decline in our economy; and

WHEREAS the high cost of energy severely impacts and creates a financial hardship for whole community; and

WHEREAS the City of Kake adopts the new proposed transportation plan for a closed corridor to Petersburg; and

THEREFORE, BE IT RESOLVED THAT: the City of Kake intends to seek funding for a study of along said corridor to Petersburg Alaska.


Henrich Kadake, Jr.
Henrich Kadake, Jr., Mayor

Christine Bitterman
Attest



Kaci Schroeder

From: Jodi Mitchell [jmittchell@alaska.com]
Sent: Thursday, March 20, 2008 3:51 PM
To: Kaci Schroeder
Cc: LarryMarkleyAK@aol.com; Rep. Bill Thomas; 'Delbert Kadake'; BabyJacks25@yahoo.com
Subject: *****SPAM***** Kake Funds

Dear Kaci:

Larry asked me to give justification to you and Rep. Thomas for the Kake funds that were vetoed by the governor last year. As I recall, \$500,000 for the Kake intertie was vetoed.

The next step in the process for the intertie is to design, permit and stake the intertie. Once this work is done we can pursue funds to build it. As you know, we have some funding that may be re-appropriated from the AK-BC study money – I believe \$3.2 million although some of it was spent on the Hatch Study commissioned by the work group. We need every cent we can get for this project – the next step is critical because it will put a price tag on the intertie. If there is funding left over after the design, permitting, and staking is complete it will be used for construction.

I don't have to tell you how much Kake is hurting, but for the sake of keeping the info all in one place I'll give you some statistics here:

1. The school is down to 101 students and in danger of losing some funding if they go below 100 (this info from Mayor Henrich Kadake)
2. The current price per kWh to residential customers is \$.562. This cost continues to climb due to the rising costs of fuel (the current fuel surcharge is \$.1235 per kWh). Note that IPEC is a non-profit member-owned entity and that we charge only what we have to in order to cover our costs and satisfy our lenders. PCE pays for about \$.34 per kWh of the first 500 kWh for residential customers, but doesn't help businesses, schools, or churches (only about 30% of IPEC's sales are eligible for PCE).
3. I have heard that the retail price of fuel in Kake is over \$5 per gallon now. Fortunately, we are able to get dock-side delivery directly from the fuel barge, so we get the best possible fuel price at Kake. The residents of Kake are subject to the retail price of fuel for heating, transportation, boat fuel, and even subsistence activities. We are hopeful that more affordable electric rates after the intertie is built will give Kake residents a more affordable home heating option.


IPEC is committed to reducing our diesel dependence through interties and hydro projects. Until that happens, our rates and member-customers will be at the mercy of fuel prices, which have hit all-time highs recently. We need your support. If you need more info call me. Thanks for your good work!

Jodi Mitchell
 IPEC CEO/General Manager
 789-3196 x24



SOUTHEAST CONFERENCE

Working for strong economies, healthy communities, and a quality environment in Southeast Alaska



March 21, 2008

Representative Bill Thomas
State of Alaska,
Capitol Building
Juneau, Alaska 99811

RE: Support for Kake-Petersburg Intertie/Energy Program

Dear Representative Bill Thomas

In 2003, the Southeast Conference embarked on an ambitious and important program for Southeast Alaska – getting hydro-electric power to communities that relied partially or fully on diesel fuel. We forge alliances with state, federal and local governments and private utilities to work on regional energy issues.

Affordable energy costs are vital to our communities. Our program provides planning for regional inter-tie infrastructure and other projects to provide affordable, sustainable and renewable energy options.

Some of our communities face electricity bills that are 4-5 times higher than communities which have plentiful electricity produced by hydro power. This creates a significant obstacle to economic development and retention of businesses and households. This program is doubly important at a time there are more people moving out of our region than into it.

We are requesting that \$2 million be appropriated to the Southeast Conference. This money would go towards funding the Southeast Conference Energy Coordinator position (approx. \$100,000) as well as permitting, design, and construction of the Kake-Petersburg Intertie.

Your consideration at this critical juncture is very important to us and would add significant value to the energy needs of our region.

Sincerely,

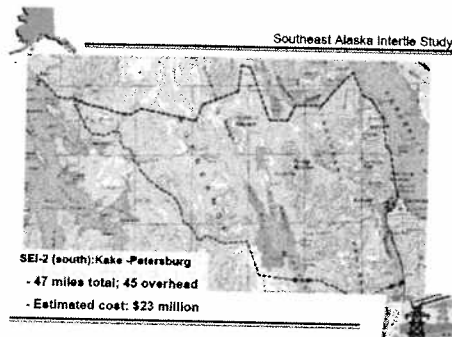


Shelly Wright
Executive Director

CC: Senator Albert Kookesh
Senator Bert Stedman

Petersburg – Kake Intertie

Funding Request: \$2 Million
Purpose: Permitting, Design & Construction



Project Summary

The Petersburg-Kake Intertie (KPTL) would provide surplus hydroelectric power to the community of Kake and eliminate their total reliance on expensive diesel generation. The KPTL transmission line is an integral part of the Southeast Intertie Program and was identified as a priority project in the 2003 Southeast Alaska Intertie Study by D.Hittle & Associates. A comprehensive feasibility study was completed by D.Hittle & Associates in July of 2005, funded by the Southeast Conference. The 2005 feasibility study identified several alternate routes along existing road corridors and potential mining development on Woewodski Island.

The 2005 feasibility study found that the KPTL Intertie could provide significant savings to ratepayers, reduce the need for the Power Cost Equalization Program, and that operation, maintenance and management could be adequately paid for by the ratepayers.

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Project Funding

The KPTL Intertie is a critical component of the Southeast Alaska Intertie System (SAIS). The Alaska Congressional Delegation secured up to \$384 Million in Federal Authorization in 2000 for the SAIS. A 2003 study and 2005 feasibility study were funded by the Federal government and the Southeast Conference.

The total estimated cost is \$23-30 Million (D.Hittle Study) to complete the project. \$2 Million is requested from the State of Alaska for permitting, design and construction. The community of Kake, Inland Passage Electrical Co-op, and the Southeast Conference will seek additional funding to complete the project from the Federal government and local ratepayers.